

perhaps long-term CDs, long-term CDs. They have a fixed rate of return. They are for a long period of time and what you get out of them is the income plus your principal on maturity, that is if the insurance company doesn't go bust. So, from that aspect, they don't look like CDs, they're not necessarily insured. You're not absolutely 100 percent sure that you're going to get your money back. What they are is potentially very low-risk investments, very low-risk investments, but because they're very low-risk investments they garner very low rates of return. Those very low rates of return translate into lower benefits over time and the longer you're in the system the more effect it could have. So 847 would move the employer contributions over to the Investment Council in the expectation that we would receive a higher rate of return on those dollars and eventually be able to provide a higher benefit in the defined contribution systems. That's the objective. And we're talking about a lot of money. There should have been a handout you would have received on your desk by now that will show you how many dollars we're talking about. So even small rates of return matter. There are lots of dollars. The other proposal where we're proposing to transfer investment function to the Investment Council is with the Deferred Compensation Program, and the same considerations apply there as apply to transfer of the employer contributions for the state and county plans. We have an Investment Council. They're going to be composed of highly-qualified individuals or more qualified individuals perhaps than we've had in the past if we increase their baseline qualifications for appointment. That is their function. That is their specialty. That is going to be their charge and it makes sense to combine all of those within one agency and allow investments. On the employee side in the defined contribution plans they will still be directing their contributions and I will say again that if the amendment is adopted it actually increases their investment options and increases their opportunities for allocation of their contributions between those options that would be provided for them. Now there are some other changes that would be made by the amendment. They're detailed at the bottom of page 2 as a definition of "compensation", which cuts across all of the plans,...

SPEAKER WITHEM: One minute.

SENATOR WICKERSHAM: ..makes explicit what we have previously provided by rule or regulation, and you can see that that